

To the Members of the California State Senate:

I am returning Senate Bill 927 without my signature.

Improving the quality of life for all Californian's through congestion relief and environmental improvement has been one of my top priorities as evidenced by the introduction of my Strategic Growth Plan resulting in the enactment of Senate Bill 1266 (Chapter 25, 2006).

Senate Bill 1266 (Chapter 25, 2006) is the largest transportation and air quality bond in the history of the United States. It provides \$1 billion in new funding to improve air quality in California which will directly benefit the communities in and around the Los Angeles and Long Beach Ports. Senate Bill 1266 also provides \$1 billion to address port mitigation issues, \$2.1 billion for trade infrastructure and \$100 million in port security funding. This is in addition to the \$140 million annually for air quality mitigation contained in Assembly Bill 923 (Chapter 707, 2004) which I sponsored and signed.

Although the policy objectives of Senate Bill 927, to develop more secure ports, congestion relief and environmental mitigation, are laudable, this measure is flawed in its construction, application, lack of accountability and failure to coordinate with other public and private financing sources ignoring opportunities to leverage additional funding.

Senate Bill 927 provides no mechanism for the usage of the fees collected to favorably leverage the billions of dollars in available funding to develop public private partnerships. Although SB 927 does generate funds, if done in a more coordinated fashion with the public and private sector, funding for additional congestion relief and mitigation could be increased geometrically. Additionally, this measure is drafted to include only two ports and applies only to goods shipped in containers, ignoring all other forms of shipping and ports of entry.

Public safety is and has been my top priority which includes increasing the security at all California ports. My Office of Homeland Security and Emergency Services has aggressively worked with the U.S. Office of Homeland Security and all our local counties and cities to support them as they develop their local plans for port security and identify their needs. Over 127 million dollars has been awarded and allocated on a competitive basis to California ports for security. These grants are being used for port security training, communications equipment, cameras, lighting underwater surveillance and protective equipment for port first responders. We have an additional 100 million dollars included in the strategic growth plan specifically for port security. Additionally, we are working with the U.S. Department of Homeland Security on their just announced award investing over 1 billion dollars on radiological and nuclear detection capabilities.

As Governor, I have traveled to both China and Japan working to improve our trading relationships with these nations – trade that includes both imports and exports. It is very important that any measure that increases fees that impact exporters not have the unintended consequence of negatively impacting the sale and delivery of goods grown

and manufactured in California. SB 927, unfortunately could negatively impact these exports as well.

Finally, my goods movement task force is developing a comprehensive report that will provide more thorough and strategic direction and insight on what the best options are to address goods movement and port related challenges. This report will be available by the end of this year.

Sincerely,

Arnold Schwarzenegger